



QUARTERLY STATEMENT  
AS OF March 31, 2010  
OF THE CONDITION AND AFFAIRS OF THE  
Advantage Healthplan Inc.

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	95803	Employer's ID Number	52-1789742
Organized under the Laws of	District of Columbia		State of Domicile or Port of Entry	District of Columbia		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	07/31/1992		Commenced Business	11/01/1994		
Statutory Home Office	1155 15th Street, N.W., Suite 810 (Street and Number)		Washington, DC 20005 (City, or Town, State and Zip Code)			
Main Administrative Office	1155 15th Street, N.W., Suite 810 (Street and Number)					
	Washington, DC 20005 (City or Town, State and Zip Code)		(202)785-7835 (Area Code) (Telephone Number)			
Mail Address	P.O. Box 9596 (Street and Number or P.O. Box)		Washington, DC 20016 (City, or Town, State and Zip Code)			
Primary Location of Books and Records	1155 15th Street, N.W., Suite 810 (Street and Number)					
	Washington, DC 20005 (City, or Town, State and Zip Code)		(202)785-7835 (Area Code) (Telephone Number)			
Internet Web Site Address						
Statutory Statement Contact	Clinton E Jones (Name)		(202)785-7835 (Area Code)(Telephone Number)(Extension)			
	cjones@ahealthplan.com (E-Mail Address)		(202)785-7839 (Fax Number)			

OFFICERS

Name	Title
Elliot R. Wolff	President
Clinton E Jones	Chief Financial Officer

OTHERS

DIRECTORS OR TRUSTEES

Elliot R. Wolff

State of District of Columbia  
County of ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Elliot R. Wolff	(Signature) Clinton E. Jones	(Signature)
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
President	Chief Financial Officer	
(Title)	(Title)	(Title)
Subscribed and sworn to before me this day of , 2010	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[ ]   
(Notary Public Signature)		

ASSETS

		Current Statement Date			4
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
1.	Bonds .....	1,336,562		1,336,562	1,161,863
2.	Stocks:				
2.1	Preferred stocks .....				
2.2	Common stocks .....	156,240		156,240	150,010
3.	Mortgage loans on real estate:				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate:				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....233,892), cash equivalents (\$.....0) and short-term investments (\$.....41,130) .....	275,022		275,022	510,039
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Derivatives .....				
8.	Other invested assets .....				
9.	Receivables for securities .....				
10.	Aggregate write-ins for invested assets .....				
11.	Subtotals, cash and invested assets (Lines 1 to 10) .....	1,767,824		1,767,824	1,821,912
12.	Title plants less \$.....0 charged off (for Title insurers only) .....				
13.	Investment income due and accrued .....	35,863		35,863	15,242
14.	Premiums and considerations:				
14.1	Uncollected premiums and agents' balances in the course of collection .....				
14.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums) .....				
14.3	Accrued retrospective premiums .....				
15.	Reinsurance:				
15.1	Amounts recoverable from reinsurers .....				
15.2	Funds held by or deposited with reinsured companies .....				
15.3	Other amounts receivable under reinsurance contracts .....				
16.	Amounts receivable relating to uninsured plans .....				
17.1	Current federal and foreign income tax recoverable and interest thereon .....				
17.2	Net deferred tax asset .....				
18.	Guaranty funds receivable or on deposit .....				
19.	Electronic data processing equipment and software .....				
20.	Furniture and equipment, including health care delivery assets (\$.....0) .....				
21.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
22.	Receivables from parent, subsidiaries and affiliates .....				
23.	Health care (\$.....0) and other amounts receivable .....				
24.	Aggregate write-ins for other than invested assets .....	1,800	1,800		
25.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24) .....	1,805,487	1,800	1,803,687	1,837,154
26.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
27.	Total (Lines 25 and 26) .....	1,805,487	1,800	1,803,687	1,837,154
DETAILS OF WRITE-INS					
1001.	.....				
1002.	.....				
1003.	.....				
1098.	Summary of remaining write-ins for Line 10 from overflow page .....				
1099.	TOTALS (Lines 1001 through 1003 plus 1098) (Line 10 above) .....				
2401.	Deposit paid on Administrative office space .....	1,800	1,800		
2402.	.....				
2403.	.....				
2498.	Summary of remaining write-ins for Line 24 from overflow page .....				
2499.	TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	1,800	1,800		

**LIABILITIES, CAPITAL AND SURPLUS**

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....				
2.	Accrued medical incentive pool and bonus amounts .....				
3.	Unpaid claims adjustment expenses .....				
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserve .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....				
9.	General expenses due or accrued .....	53,444		53,444	57,815
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....				
16.	Derivatives .....				
17.	Payable for securities .....				
18.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
19.	Reinsurance in unauthorized companies .....				
20.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
21.	Liability for amounts held under uninsured plans .....				
22.	Aggregate write-ins for other liabilities (including \$.....0 current) .....				
23.	Total liabilities (Lines 1 to 22) .....	53,444		53,444	57,815
24.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
25.	Common capital stock .....	X X X	X X X	130,250	130,250
26.	Preferred capital stock .....	X X X	X X X		
27.	Gross paid in and contributed surplus .....	X X X	X X X	339,780	339,780
28.	Surplus notes .....	X X X	X X X		
29.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
30.	Unassigned funds (surplus) .....	X X X	X X X	1,280,213	1,309,309
31.	Less treasury stock, at cost:				
31.1	.....0 shares common (value included in Line 25 \$.....0) .....	X X X	X X X		
31.2	.....0 shares preferred (value included in Line 26 \$.....0) .....	X X X	X X X		
32.	Total capital and surplus (Lines 24 to 30 minus Line 31) .....	X X X	X X X	1,750,243	1,779,339
33.	Total Liabilities, capital and surplus (Lines 23 and 32) .....	X X X	X X X	1,803,687	1,837,154
DETAILS OF WRITE-INS					
2201.	.....				
2202.	.....				
2203.	.....				
2298.	Summary of remaining write-ins for Line 22 from overflow page .....				
2299.	TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above) .....				
2401.	.....	X X X	X X X		
2402.	.....	X X X	X X X		
2403.	.....	X X X	X X X		
2498.	Summary of remaining write-ins for Line 24 from overflow page .....	X X X	X X X		
2499.	TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	X X X	X X X		
2901.	.....	X X X	X X X		
2902.	.....	X X X	X X X		
2903.	.....	X X X	X X X		
2998.	Summary of remaining write-ins for Line 29 from overflow page .....	X X X	X X X		
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months .....	X X X .....			
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....			
3.	Change in unearned premium reserves and reserves for rate credits .....	X X X .....			
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....			
5.	Risk revenue .....	X X X .....			
6.	Aggregate write-ins for other health care related revenues .....	X X X .....			
7.	Aggregate write-ins for other non-health revenues .....	X X X .....			252,001
8.	Total revenues (Lines 2 to 7) .....	X X X .....			252,001
Hospital and Medical:					
9.	Hospital/medical benefits .....				
10.	Other professional services .....				
11.	Outside referrals .....				
12.	Emergency room and out-of-area .....				
13.	Prescription drugs .....				
14.	Aggregate write-ins for other hospital and medical .....				
15.	Incentive pool, withhold adjustments and bonus amounts .....				
16.	Subtotal (Lines 9 to 15) .....				
Less:					
17.	Net reinsurance recoveries .....				
18.	Total hospital and medical (Lines 16 minus 17) .....				
19.	Non-health claims (net) .....				
20.	Claims adjustment expenses, including \$.....0 cost containment expenses .....				
21.	General administrative expenses .....		54,543	54,303	333,155
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....				
23.	Total underwriting deductions (Lines 18 through 22) .....		54,543	54,303	333,155
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	(54,543)	(54,303)	(81,154)
25.	Net investment income earned .....		29,868	16,641	66,851
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....			539	1,514
27.	Net investment gains or (losses) (Lines 25 plus 26) .....		29,868	17,180	68,365
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....				
29.	Aggregate write-ins for other income or expenses .....				
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	(24,675)	(37,123)	(12,789)
31.	Federal and foreign income taxes incurred .....	X X X .....			
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	(24,675)	(37,123)	(12,789)
DETAILS OF WRITE-INS					
0601.	Healthcare settlements and sales of Furniture & Fixtures .....	X X X .....			
0602.	Healthcare settlements, refunds and rebates .....	X X X .....			
0603.	.....	X X X .....			
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....			
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....			
0701.	Distribution from bankruptcy claim .....	X X X .....			252,001
0702.	Furniture & Equipment Sales .....	X X X .....			
0703.	.....	X X X .....			
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....			
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....			252,001
1401.	.....				
1402.	.....				
1403.	.....				
1498.	Summary of remaining write-ins for Line 14 from overflow page .....				
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....				
2901.	Penalties for late filing .....				
2902.	.....				
2903.	.....				
2998.	Summary of remaining write-ins for Line 29 from overflow page .....				
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....				

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

		1	2	3
		Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>				
33.	Capital and surplus prior reporting year .....	1,779,338	1,757,868	1,757,868
34.	Net income or (loss) from Line 32 .....	(24,675)	(37,123)	(12,789)
35.	Change in valuation basis of aggregate policy and claim reserves .....			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....	(820)	15,904	50,999
37.	Change in net unrealized foreign exchange capital gain or (loss) .....			
38.	Change in net deferred income tax .....			
39.	Change in nonadmitted assets .....	(3,600)	(22,511)	(16,740)
40.	Change in unauthorized reinsurance .....			
41.	Change in treasury stock .....			
42.	Change in surplus notes .....			
43.	Cumulative effect of changes in accounting principles .....			
44.	Capital Changes:			
44.1	Paid in .....			
44.2	Transferred from surplus (Stock Dividend) .....			
44.3	Transferred to surplus .....			
45.	Surplus adjustments:			
45.1	Paid in .....			
45.2	Transferred to capital (Stock Dividend) .....			
45.3	Transferred from capital .....			
46.	Dividends to stockholders .....			
47.	Aggregate write-ins for gains or (losses) in surplus .....			
48.	Net change in capital and surplus (Lines 34 to 47) .....	(29,095)	(43,730)	21,470
49.	Capital and surplus end of reporting period (Line 33 plus 48) .....	1,750,243	1,714,138	1,779,338
<b>DETAILS OF WRITE-INS</b>				
4701.	.....	.....	.....	.....
4702.	.....	.....	.....	.....
4703.	.....	.....	.....	.....
4798.	Summary of remaining write-ins for Line 47 from overflow page .....	.....	.....	.....
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	.....	.....	.....

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations				
1.	Premiums collected net of reinsurance .....			
2.	Net investment income .....	455	(8,966)	151,190
3.	Miscellaneous income .....			252,001
4.	Total (Lines 1 to 3) .....	455	(8,966)	403,191
5.	Benefit and loss related payments .....			
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	54,543	54,303	333,155
8.	Dividends paid to policyholders .....			
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....			
10.	Total (Lines 5 through 9) .....	54,543	54,303	333,155
11.	Net cash from operations (Line 4 minus Line 10) .....	(54,088)	(63,269)	70,036
Cash from Investments				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds .....		150,000	450,000
12.2	Stocks .....		29,334	25,778
12.3	Mortgage loans .....			
12.4	Real estate .....			
12.5	Other invested assets .....			
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....			
12.7	Miscellaneous proceeds .....			
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....		179,334	475,778
13.	Cost of investments acquired (long-term only):			
13.1	Bonds .....	174,901		304,085
13.2	Stocks .....			
13.3	Mortgage loans .....			
13.4	Real estate .....			
13.5	Other invested assets .....			
13.6	Miscellaneous applications .....	6,028	539	33,805
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	180,929	539	337,890
14.	Net increase (or decrease) in contract loans and premium notes .....			
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14) .....	(180,929)	178,795	137,888
Cash from Financing and Miscellaneous Sources				
16.	Cash provided (applied):			
16.1	Surplus notes, capital notes .....			
16.2	Capital and paid in surplus, less treasury stock .....			
16.3	Borrowed funds .....			
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....			
16.5	Dividends to stockholders .....			
16.6	Other cash provided (applied) .....			
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....			
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS				
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(235,017)	115,526	207,924
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year .....	510,039	302,115	302,115
19.2	End of period (Line 18 plus Line 19.1) .....	275,022	417,641	510,039
Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:				
20.0001				

**7      Premiums, Enrollment and Utilization ..... NONE**

**8      Claims Payable ..... NONE**

**9      Underwriting Investment Exhibit ..... NONE**

# Notes to Financial Statement

Advantage Healthplan Inc.  
March 31, 2010

1. Summary of Significant Accounting Policies

A. The accompanying financial statements of Advantage Healthplan Inc. (the "Company") have been prepared in conformity with the NAIC Annual Statement Instructions and *Accounting Policies and Procedures* and the laws of the District of Columbia.

The Government of the District of Columbia transferred all of the Company's Medicaid enrollees to other HMOs on August 31, 2004. The Company promptly chose to discontinue all HMO operations, including immediate discontinuance of accepting new commercial business, cessation of coverage of commercial enrollees on December 31, 2004, and the subsequent winding up of administrative and other HMO activities. See Note 4 Discontinued Operations.

B. The preparation of the financial statements in conformity with Annual Statement Instructions and *Accounting Practices and Procedures* manual requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses in the financial statements and in the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

C. (1) The Company's short-term investments are at market value.

(2) Bonds are at amortized cost using the scientific interest method.

(3) Common stocks are at market value.

(4) Preferred stocks are at market value.

(5) The Company has no mortgage loans.

(6) The Company has no loan backed securities.

(7) The Company has no investments in subsidiaries, controlled or affiliated companies.

(8) The Company has no investments in joint ventures, partnerships or limited companies.

(9) The Company has no derivatives.

(10) There is no claims liability reported, and the Company believes that any asserted claims are currently outside of the timely filing requirement and are therefore void.

(12) The Company has not changed its capitalization policy.

2. Accounting Changes and Corrections of Errors

There were no accounting changes during the current year.

3. Business combinations and Goodwill

There were no business combinations or goodwill during the current year.

4. Discontinued Operations

The Government of the District of Columbia transferred all of the Company's Medicaid enrollees to other HMOs on August 31, 2004. The Medicaid contract represented approximately 99% of the Company's enrollment and premium revenue. Therefore, the Company promptly chose to discontinue all HMO operations including immediate discontinuance of accepting new commercial business, cessation of coverage of commercial enrollees on December 31, 2004, and the subsequent winding up of administrative and other HMO activities. These actions were reported to and approved by the District of Columbia Department of Insurance, Securities and Banking.

5. Investments

A. Mortgage Loans-The Company has no mortgage loans.

B. Debt Restructuring-The Company has no debt restructuring.

C. Reverse Mortgages-The Company has no reverse mortgages.

D. Loan-Backed Securities-The Company has no loan-backed securities.

E. Repurchase Agreements-The Company has no repurchase agreements.

F. Real Estate-The Company has no real estate.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in joint ventures, partnerships or limited liability companies.

7. Investment Income

The Company does not exclude any investment income.

8. Derivative Instruments

The Company has no derivative instruments.

9. Income Taxes

The Company has elected S Corporation federal income tax status under Sections 1361-1379 of the Internal Revenue Code of 1986, and the Internal Revenue Service has approved that election. Accordingly, the Company is not subject to federal income taxes.

10. Information Concerning Parent, Subsidiaries and Affiliates

The Company is directly controlled by the estate of Barrington B. Barnes, M.D., which owns 10% of the Company's stock, and by Elliot R. Wolff, who owns beneficially and of record 90% of the Company's outstanding stock and who serves as the only director as well as Chief Executive Officer, President and Chairman.

11. Debt

The Company has no debt.

12. Retirement Plans, Deferred Compensation, Post Employment Benefits, and Compensated Absences and Other Postretirement Benefit Plans.

The Company adopted a 401(k) defined contribution plan during the fiscal year ended September 30, 1995. Employees can defer up to 15 percent of compensation through deposits into the plan, and the Company matches employee contributions up to 4.5 percent. The eligibility requirements to participate in the 401(k) plan are completion of 90 days employment and attainment of 21 years of age. The plan also permits the Company to make profit-sharing contributions for which the eligibility requirement is employment with the Company on the last day of the fiscal year.



# Notes to Financial Statement

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
- (1) Common stock has a par value of \$.10 per share. As of March 31, 2010, 2,000,000 shares were authorized and 1,302,500 shares were issued and outstanding.
  - (2) There is no preferred stock.
  - (3) There are no dividend restrictions.
  - (4) There are no restrictions on the portion of the Company's profits that may be paid as ordinary dividends to stockholders.
  - (5) There are no restrictions on unassigned funds (surplus).
  - (6) There are no advances to surplus not repaid.
  - (7) The Company does not hold stock for conversion of preferred stock, employee stock options or stock purchase warrants.
  - (8) The Company does not have any special surplus funds.
  - (9) The portion of the unassigned funds (surplus) represented by:
    - a. Unrealized gains and losses \$47,785
    - b. Nonadmitted asset values (\$1,800)
    - c. Separate account business \$ -0-
    - d. Asset valuation reserves \$ -0-
    - e. Provision for reinsurance \$ -0-
  - (10) The Company has no surplus notes.
  - (11) The Company did not have a quasi-reorganization.

14. Contingencies
- A. Contingent Commitments  
The Company did not have any commitments to a joint venture partnership or limited liability company.
  - B. Assessments  
The Company has no known assessments.
  - C. The Company has no gain contingencies.
  
  - D. All Other Contingencies

The Company has a claim pending in the District of Columbia Contract Appeals Board against the District for damages under the Medicaid Contract from 1994 – 1998 premiums due for newborn enrollees under the Medicaid Contract, for failure to calculate an actuarially sound capitation rate as required by the contract and District and federal law, and for breach of the Medicaid Contract by not permitting voluntary selections and default assignments to the Company in 1997 and 1998. The District has filed a counterclaim seeking offset and damages for alleged failure by the Company to provide certain services under the Medicaid Contract, as well as a motion to dismiss the Company's claim for lack of jurisdiction. The Company has contested the District's counterclaim and motion to dismiss, and these and procedural motions are pending decision by the Contract Appeals Board.

- A hospital filed suit against the Company on October 14, 2003, seeking payment for services provided to five individuals who are alleged to have been enrolled in the Company's HMO. The hospital claims that the Company owes it \$189,700 as payment for medical services provided to those individuals. It also seeks attorneys' fees in the amount of \$62,236. The Company's motion to dismiss this litigation is pending in the United States District Court for the District of Columbia.
  
- The Company also has litigation pending against the District in the Contract Appeals Board for damages as a result of the District's termination of the Medicaid Contract in August 2004 and for claims that arose under the Medicaid Contract.

15. Leases
- A. (1) The Company has extended its lease which totals \$22,800 and ends October 31, 2011.
  - (2) The Company does not have any sale-leaseback transactions.
  - B. Leasing is not a significant part of the Company's business activities in terms of revenue, net income or assets.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk. The Company does not have any financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
- The Company did not sell, transfer and service financial assets nor extinguish any liabilities.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.
- The Company does not have any gain or loss from uninsured plans.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
- The Company does not have any direct premium produced by managing general agents or third party administrators.

20. September 11 Events
- The Company did not sustain any losses nor does it have any contingencies as a result of September 11 events.

21. Other Items
- A. Extraordinary Items-The Company has no extraordinary events or transactions.
  - B. Troubled Debt Restructuring-The Company has no debt.
  - C. Other Disclosures-The Company did not have any other unusual items such as amounts not recorded in the financial statements that represent segregated funds held for others or assets pledged to others as collateral.
  - D. Uncollected premium balances- The Company has no uncollected premium.
  - E. Business Interruption Insurance Recoveries-The Company had no business interruptions that were insurable.

22. Events Subsequent
- No events occurred subsequent to the close of the books or accounts for this statement that may have a material effect on the financial condition of the Company.

**Notes to Financial Statement**

23. Reinsurance  
The Company has no reinsurance of any type in force.
24. Retrospectively Rated Contracts  
The Company did not retrospectively rate contracts.
25. Change in Incurred Claims and Claim Adjustment Expenses  
There were no changes in the provision for incurred claims and claim adjustment expenses attributable to insured events of prior years.
26. Intercompany Pooling Arrangements  
The Company is not a part of a group of affiliated insurers.
27. Structured Settlements - Not applicable.
28. Health Care Receivables  
The Company has no health care receivables.
29. Participating Policies  
The Company does not have any participating policies.
30. Premium Deficiency Reserves  
The Company currently has no premium deficiency recorded.
31. Anticipated Salvage and Subrogation  
The Company did not reduce the liability for unpaid claims or losses for any amounts related to salvage or subrogation.
32. Minimum Net Worth - General Interrogatory Part 2 - #2 Line 11.6  
Under the laws of the District of Columbia, the Company is required to maintain a minimum net worth equal to the greatest of \$1,000 000, 2% of annual revenues, the sum of three months of uncovered expenses, or 4% of hospital expenditures paid on a managed care basis plus 8% of annual healthcare expenditures not paid on either a capitated or managed care basis. The Company is in compliance with this law.

	Annual revenue	\$0 x 2% =	<u>\$0</u>
	Healthcare expenditures		
	@ 4%	\$0 x 4% =	\$0
	@ 8%	\$ 0 x 8% =	\$ 0
		total	<u>0</u>
Minimum dollar amount			= <u>\$1,000,000</u>